

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7851**

**BILL NUMBER:** HB 1738

**NOTE PREPARED:** Mar 29, 2007

**BILL AMENDED:** Mar 29, 2007

**SUBJECT:** Use of Outside Water Resources by Water Utilities.

**FIRST AUTHOR:** Rep. Welch

**FIRST SPONSOR:** Sen. Gard

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that the Natural Resources Commission (Commission) may not contract with a person to: (1) provide the person with certain minimum quantities of stream flow; or (2) sell water to the person; from reservoir impoundments financed by the state unless the Department of Natural Resources and the Advisory Council follow certain procedures, including providing notice of the proposed contract and holding public meetings on the proposed contract. The bill also requires the Water Resources Study Committee (Committee) to study and make findings and recommendations concerning: (1) current processes and methods for water resource allocation and distribution in Indiana; and (2) appropriate policies governing future water resource allocation and distribution planning in Indiana. The bill requires the Committee to report its findings and recommendations to the Legislative Council not later than November 1, 2007.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) This bill will increase the administrative costs of the Department of Natural Resources (DNR), the Natural Resources Commission, the Advisory Council of the Bureau of Water and Resource Regulation, and the Water Resources Study Committee. It is estimated that all of these entities can implement the provisions of this bill through the use of existing staff and resources. The bill requires notice of the proposed contract and public hearings when the Natural Resources Commission attempts to contract with a person for certain quantities of stream flow or units of water from reservoir impoundments financed by the state.

*Background:* According to the January 1, 2007 vacant positions report, the DNR had a total of 207 vacant positions valued at approximately \$6.25 M. The DNR, in FY 2006, reverted \$16.2 M. The Natural Resources

Commission and the Advisory Council are funded through the DNR. The Water Resources Study Committee receives a budget for interim duties as determined by the Legislative Council. In the FY 2006 interim the Committee had a budget of \$9,500, and spent approximately \$2,300 for one meeting that interim.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** (Revised) Department of Natural Resources; Natural Resources Commission; Water Resource Study Committee; Advisory Council for the Bureau of Water and Resource Regulation.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.